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Intersecretariat Working Group on Price Statistics

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission a note on the terms of reference and functioning of the Intersecretariat Working Group on Price Statistics, prepared by the International Labour Office, (initial secretariat of the Working Group), which is contained in the annex. The document is transmitted to the Commission for its consideration, and points for discussion are set out in paragraph 15.

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Annex

Note on the terms of reference and functioning of the Intersecretariat Working Group on Price Statistics

I. Terms of reference

Mission

1. The mission of the Intersecretariat Working Group on Price Statistics (ISWGPS) is to develop and document best practice guidelines on concepts and methods of price statistics and indicators consistent with the established international standards on the subject. Price statistics and indicators include consumer price indices (CPIs), producer price indices (PPIs), the International Trade Price Index (ITPI), the Construction Price Index and other such price statistics and indicators, as required on a priority basis and, to the extent possible, compatible with the System of National Accounts, 1993 and its updates.

Objectives

2. The objectives of ISWGPS are:

(a) To arrange for the development of the International Labour Organization (ILO) *Manual on Consumer Price Indices*;[a]

(b) In parallel, to arrange for the establishment of standards and manuals on other price statistics, in particular PPI and ITPI;

(c) To assist in the development of a framework for price statistics which is able to explain the links between various price indices themselves, and between price indices and other relevant economic and labour statistics.

Composition

3. At present, ISWGPS comprises the following organizations:

Economic Commission for Europe

International Labour Office

International Monetary Fund

Organisation for Economic Cooperation and Development

Statistical Office of the European Communities

World Bank

4. The United Nation Statistics Division, which participated in the inaugural meeting, is a possible candidate for membership.

5. In theory, ISWGPS is open to all interested and committed organizations: national statistical offices, academia and international organizations.

6. The International Labour Office will initially provide the secretariat of ISWGPS.

External linkages

7. It is expected that the activities of ISWGPS will receive wider exposure through discussion at relevant regional meetings, and through regular communication with international experts and groups using electronic media, such as the Internet.

8. The work of ISWGPS will relate to, draw from and capitalize on that of technical groups, such as the Ottawa Group on Price Statistics, as well as complement that of regional and international organizations.

Immediate output

9. The immediate output of ISWGPS will be manuals on consumer price indices and producer price indices, which will take into account:

(a) The recent emergence of economies in transition, and movements towards free-market economies of many developing countries;

(b) The collapse of financial markets in many newly emerging and independent countries;

(c) Rapid technological improvements affecting cost and quality of goods and services, and thus their relative prices, and changes in consumer demand.

10. The manuals will:

(a) Provide an introduction to the theory of index numbers;

(b) Address both conceptual and operational issues, such as sampling, collection methodology, compilation, organization and computation, and dissemination of data;

(c) Be targeted for use by both developed and developing countries;

(d) Be directly usable for training and advisory missions.

Main activities

11. ISWGPS will be responsible for the coordination and overall management of the work and for the approval of the manuals. Two technical expert groups (TEGs) will be established to advise ISWGPS on the revision of CPI and on the development of the PPI manuals. The TEGs, working in parallel, will exist solely for the production of these manuals. Consultants from the members of the TEGs, ISWGPS, and the Ottawa Group, as well as other recognized experts in price measurement from countries not represented in the Ottawa Group, will be appointed to prepare specific sections of the manuals on the issues identified by ISWGPS. The exact form of authorship, however, will be decided later.

12. Meetings of ISWGPS will as far as possible take place at the same time as related scheduled meetings, such as the ECE expert meeting on CPI in February 1999, the Ottawa Group meeting in August 1999 and the ILO/Economic Commission for Europe meeting on CPI in November 1999.

13. Proposals, outlines and draft material will be widely circulated through both the electronic and other media for comments and suggestions to ensure that all regional concerns are adequately addressed. Relevant organizations, such as the regional commissions and the Ottawa Group, will also be encouraged to discuss them during their regular meetings.

Finances

14. Participating organizations in ISWGPS are expected to meet their own direct expenses themselves. In addition, organizations are expected to contribute to financing other related costs of the Group, including the development of the manuals.

II. Points for discussion

15. The Statistical Commission is requested to give its views on the following points:

(a) Does the Commission wish to endorse the establishment of ISWGPS?

(b) Should ISWGPS concentrate only on CPI as its mandate, or should this mandate include all price statistics?

(c) If the mandate is to include all price statistics, should this be done in a phased sequential approach, starting with CPI, or should the aim be to develop a common set of standards for all price statistics at the same time?

Notes

[a] Ralf Turvey et al. (Geneva, ILO, 1989).